

EXPLANATORY STATEMENT

Issued by the authority of the Minister for Agriculture, Fisheries and Forestry.

Dairy Produce Act 1986

Dairy Adjustment Levy Termination Declaration 2009

Sub-clause 83 (3A) of Schedule 2 of the *Dairy Produce Act 1986* allows the Minister for Agriculture, Fisheries and Forestry to declare a date, after which the Commonwealth is no longer obliged to pay proceeds collected under the Dairy Adjustment Levy to the industry services body, Dairy Australia.

OUTLINE

The purpose of the declaration is to stop the transfer of funds collected by the Dairy Adjustment Levy to the Dairy Structural Adjustment Fund.

CONSULTATION

Dairy Australia Limited has been consulted about this declaration. Dairy Australia Ltd is the dairy industry services body and trustee of the Dairy Structural Adjustment Fund into which levy funds are appropriated.

EXPLANATION

The *Dairy Adjustment Levy Termination Act 2008*, which amended the *Dairy Produce Act 1986*, provides for the winding-up of the Dairy Industry Adjustment Program.

The Adjustment Program was funded by the Dairy Adjustment Levy which was applied to retail sales of drinking milk at the rate of 11 cents per litre from 8 July 2000 until 22 February 2009. Levy receipts are held in the Dairy Structural Adjustment Fund which is administered by Dairy Australia Ltd.

Initial payments to farmers under the Adjustment Program, which commenced in 2000, were made concurrently as the levy was introduced. As such, Dairy Australia's predecessor had to cover the costs of the initial payments through loans. This has meant that, although payments to farmers ceased in 2008, the levy had to remain in place until the loans were repaid. Receipt of the April 2009 levy funds in mid-May will bring the Adjustment Fund into balance.

Any surplus levy funds will be returned to the Australian Government at the request of the Minister of Agriculture, Fisheries and Forestry. The Adjustment Fund will be closed in mid-2009, once its balance is zero.

The Office of Best Practice Regulation has advised a Regulation Impact Statement and Business Cost Calculator Report are not required for the declaration (OBPR ID: 10231).